



NafTex Operating Company

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July 11, 2016

Pamela Creedon
Executive Officer
Central Valley Water Board

Clay Rodgers
Assistant Executive Officer
Central Valley Water Board

Re: Comments regarding *Waste Discharge Requirements General Orders for Oil Field Discharges to Land*

Dear Ms. Creedon and Mr. Rodgers:

NafTex Operating Company (NafTex) appreciates the opportunity to provide comments regarding the referenced draft regulations, as directed on Central Valley Regional Water Control Board's (CVRWCB) web site, for its consideration of the comments outlined below.

NafTex has operated its oil and gas operations in Kern County since its inception in 1988. As late as August 2015, NafTex was providing employment to a staff of twenty-four (traditional oil and gas production, construction, and professional roles) in its Bakersfield operations. Due to a severe global oil price economic impact, NafTex reduced its staff by two-thirds. NafTex is committed to remaining a viable operation and surviving this downturn within the oil and gas industry – thus optimistically looking forward to returning to full staff of operations.

However, NafTex is extremely concerned of the economic impact to oil and gas operations to implement a number of the General Orders requirements such as:

- NafTex remains alarmed of the lack of exemption status for its Racetrack facilities, as previously provided to CVWQCB in separate document, regarding *Operation of the lined pond is in accordance with California Code of Regulations, Title 27, Section 20090* which notes the following permit exemption:
 - *Fully Enclosed Units – Waste Treatment in fully enclosed facilities, such as tanks, or in concrete-lined facilities of limited areal extent, such as oil-water separators which are*

designed, constructed, and operated according to American Petroleum Institute specifications (Emphasis added).

- Naftex currently produces approximately 540 barrels of oil per day (bpd), approximately 40% less than a year ago. Thus, we are very concerned over the potential cost impact due the extensive ground water monitoring program outlined in the General Orders. Taking into consideration the estimated costs of a monitoring plan (plan development, a vast geological study, technical report preparation), adding in the high costs of installing monitoring wells, and sample analysis, would further impact Naftex economically. Naftex respectfully requests further review of monitoring options to obtain the needed security of protecting potential impacts identified within the General Orders.
- Naftex, as noted above, under small staffing capabilities, is further concerned of a number of implementation schedules. Assuming these General Orders are approved, such schedules - *Provisions section, 6. "90 days prior to the anticipated discharges"* as well as the *"...reuse solids...management plan for approval 180 days prior to any solids reuse,* will prove such timing is unattainable – not to mention expensive - by many oil and gas producers. Naftex, again, respectfully requests further discussion towards working through the various task implementation schedules, to obtain the needed coverage CVWQCB seeks within the General Orders.

This list is just a few of Naftex concerns; many more of our concerns will be outlined and discussed by industry supporters' comment letters from **California Independent Petroleum Association** and **Valley Water Management** - both entities with which Naftex works closely and supportively.

On behalf of Naftex, thank you again for this opportunity to continue working towards a common goal in completing the General Orders effort with CVWQCB.

Should you have questions regarding this matter, or need further information, please contact me at either e-mail address: rhorne@naftex.com or telephone: (661) 363-8801, ext. 215.

Sincerely,

A handwritten signature in blue ink, appearing to read 'RK Horne', with a long horizontal flourish extending to the right.

Randal K. Horne
Environmental, Health and Safety Manager